

Nebraska Sales and Use Tax Guide for Photographers and Photofinishers

Revised March, 2004

For more information, check our
Web site: www.revenue.state.ne.us



This information guide provides an overview of how Nebraska sales and use tax law applies to photographers and photofinishers. It is not designed to answer all questions which might arise, but is intended to enable a person to become familiar with the main applications of the sales and use tax program to this industry.

Overview

Every person engaged in business as a photographer or photofinisher in Nebraska is a retailer. Photographers and photofinishers must obtain a Nebraska Sales Tax Permit. Sales tax must be collected and remitted on all sales, including charges for certain types of production labor such as film developing, unless the customer provides a properly completed Nebraska Resale or Exempt Sale Certificate for Sales Tax Exemption, Form 13.

A Nebraska Sales Tax Permit is obtained by completing a Nebraska Tax Application, Form 20, and returning it to the Department of Revenue. This form is available on our Web site.

Purchases

Taxable Purchases. Photographers and photofinishers are the consumers of all equipment, supplies, and certain services used in the normal course of business that are not sold to a customer, or that do not become an ingredient or component part of the item sold to a customer. Examples of such items include:

Developing charges, cameras, lenses, trays, film (other than film sold "over-the-counter" to retail customers), props and other background equipment, darkroom equipment, (e.g., enlargers, paper processors, easels), lighting equipment (e.g., flashtubes, modeling bulbs, and batteries), business equipment (e.g., desks, chairs), other consumable supplies (e.g., paper towels, cleaners, compressed air, printed forms, pamphlets, masking tape), utilities, and chemicals used to process film that do not transfer to the finished photographs.

Photographers and photofinishers must pay tax at the time of purchase on all such items. If the supplier does not collect the Nebraska and applicable local sales tax, such as purchases made from outside Nebraska, from a mail order catalog, or from the Internet, then the photographer or photofinisher must remit consumer's use tax directly to the Department. The use tax is calculated on the total sales price including delivery and shipping and handling charges paid to the seller.

Tax-free Purchases. Photographers and photofinishers may purchase tax free all items that will be sold to a customer or that will become an ingredient or component part of the item sold to the customer. Examples of such items include:

Mounts, frames, matte paper, slides sold to a customer as part of a retail sale, cameras and attachments sold to a customer, packing materials used to hold merchandise sold, film sold to customers for their own use, video tapes, chemicals used to process film that remain with the finished photograph, colored transparencies that are permanently transferred to a customer.

All tax-free purchases must be supported by a properly completed Form 13, Section A, given to the seller.

Proofs. When finished photographs are used as proofs and transferred to the customer, the photographer may purchase them tax free. A properly completed Form 13, Section A, must be given to the developer or photofinisher who develops and enlarges the prints for use as proofs. If the proofs are not of finish quality and are of a temporary nature, then they cannot be purchased tax free.

Sales

Taxable Sales. Photographers and photofinishers must collect the Nebraska and applicable local sales tax on sales of tangible items and production labor and repair, such as film developing or photo restoration, **UNLESS**, they obtain a properly completed Form 13 from their customer. These include:

- ✓ Sales of tangible items, such as cameras, frames, and film;
- ✓ Sales of photographs to customers, including charges for sitting fees;
- ✓ Charges for developing film;
- ✓ Charges for restoring, tinting, retouching, enlarging, or coloring photographs;
- ✓ Charges for reproducing copies of documents, drawings, blueprints, or photographs; and
- ✓ Sales of videotapes.

The total charge to a customer for taking photographs is taxable. Sales tax must be collected on the total sales price without deduction for any expense, such as, labor, cost of product sold, travel time, wages, equipment rental, and fees paid to models or assistants, even if they are separately stated on the customer's invoice.

Example: A photofinisher sells a bottle of tax-paid stop bath. Sales tax is collected on the total sales price to the customer and the tax is remitted on the difference between the sales price and the cost of the item, net of tax.

To calculate the difference, use the Form 10 Nebraska Schedule III - Computation of Net Taxable

Sales and Nebraska Consumer's Use Tax. On line 1, you will include the total sales price to your customer. On line 13, you will include your cost, net of tax, of the stop bath. The difference is calculated on line 15.

Exempt Sales. The following sales are exempt from sales tax:

- Sales for resale purposes, **PROVIDED** the seller receives a properly completed Nebraska Resale or Exempt Sale Certificate for Sales Tax Exemption, Form 13, Section A, from the purchaser;
- Sales to those exempt organizations listed in Regulation 1-012 Exemptions, **PROVIDED** the seller receives a properly completed Form 13, Section B, from the purchaser.

Sales of Tax-paid Items. When photographers and photofinishers sell items on which they have already paid tax, sales tax must still be collected on the sales price to the customer. Double taxation does not occur as the tax is remitted only on the difference between the cost of the item, net of tax, and the sales price to the customer.

Use Tax

All items used by a photographer or photofinisher that are not transferred to a customer are taxable to the photographer or photofinisher. This includes items withdrawn from tax-free inventory for use by the photographer or photofinisher.

Example: A photographer takes a frame from tax-free inventory to frame a picture that will hang in the photographer's home or office, or that will be given away as a gift. The photographer must remit consumer's use tax on the cost of the frame.

Remitting The Tax

Sales tax collected from customers is remitted on the Nebraska and Local Sales and Use Tax Return, Form 10.

Consumer's use tax due on items used by photographers or photofinishers on which no Nebraska sales tax was paid is calculated and remitted on lines 4, 5, and 10 of the Form 10.

FOR NEBRASKA TAX ASSISTANCE

For All Tax Programs Except Motor Fuels

Contact your regional office or call **1-800-742-7474** (toll free in NE and IA)
or **1-402-471-5729**

Nebraska Department of Revenue Web site address: www.revenue.state.ne.us

A copy of the Taxpayer Bill of Rights is available by calling any of our regional offices or visiting our Web site.

SCOTTSBLUFF

Panhandle State Office Complex
4500 Avenue I, Box 1500
Scottsbluff, Nebraska 69363-1500
Telephone (308) 632-1200

NORTH PLATTE

Craft State Office Building
200 South Silber Street
North Platte, Nebraska 69101-4200
Telephone (308) 535-8250

GRAND ISLAND

TierOne Bank Building, Suite 460
1811 West Second Street
Grand Island, Nebraska 68803-5469
Telephone (308) 385-6067

NORFOLK

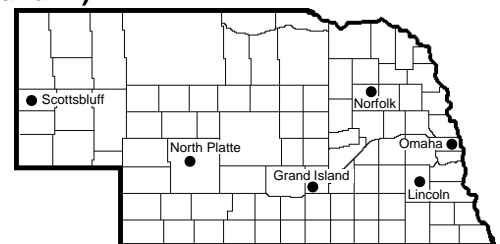
304 North 5th Street, Suite "D"
Norfolk, Nebraska 68701-4091
Telephone (402) 370-3333

OMAHA

Nebraska State Office Building
1313 Farnam-on-the-Mall
Omaha, Nebraska 68102-1871
Telephone (402) 595-2065

LINCOLN

Nebraska State Office Building
301 Centennial Mall South
Lincoln, Nebraska 68509-4818
Telephone (402) 471-5729



For Motor Fuels tax programs only call toll free 1-800-554-3835 (Lincoln residents call 471-5730).

Hearing-impaired individuals may call the Text Telephone (TT) at 1-800-382-9309. TDD (Telecommunications Device for the Deaf) is designated by the use of "TT," which is consistent with the Americans with Disabilities Act.